



CORPORATION SERVICE COMPANY

RECORDATION NO. 25276 FILE

NOV 03 '04 11-58 AM

SURFACE TRANSPORTATION BOARD



November 1, 2004

Barbara Saddler
Surface Transportation Board
Recordation Office
1925 K Street, N.W., Suite 70
Washington D.C. 20423

RE: 136361-1

Dear Barbara,

Enclosed are two (2) originals of the **Memorandum of Railcar Lease** dated as of August 12, 2004 between the following parties:

Names and address of the following parties:

Lessor: **THE CIT GROUP/EQUIPMENT FINANCING, INC.**
1211 Avenue of the Americas, 20th Floor New York, NY 10036

Lessee: **MT. POSO COGENERATION COMPANY**
10000 Stockdale Highway, Suite 100 Bakersfield, CA 93111

A short summary of the document to appear in the index follows:

Memorandum of Railcar Lease between Lessor: **THE CIT GROUP/EQUIPMENT FINANCING, INC.** and Lessee: **MT. POSO COGENERATION COMPANY**, covering 82 covered hopper cars with reporting marks and numbers: TCMX 63660 – TCMX 63743 944201 - NOT INCLUSIVE.

Please file this memorandum as a PRIMARY document and return one (1) stamped original to my attention. A check covering the filing fee of thirty dollars (\$30.00) is enclosed.

If you have any questions regarding the filing, please feel free to call me at 800-995-5071 ext. 3813.

Thank you for your prompt assistance.

Sincerely,

April O'Shea
Motor Vehicle Specialist
Enclosure

MEMORANDUM OF RAILCAR LEASE

THIS MEMORANDUM OF RAILCAR LEASE dated as of this 12 day of AUGUST, 2004, is made by THE CIT GROUP/EQUIPMENT FINANCING, INC., a Delaware corporation, with an address at 1211 Avenue of the Americas, 20th Floor, New York, New York 10036 (the "Lessor"), and MT. POSO COGENERATION COMPANY, a California limited partnership, with an address at 10000 Stockdale Highway, Suite 100, Bakersfield, CA 93111 (the "Lessee" and, together with the Lessor, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and the Lessee entered into that certain Master Railcar Lease (the "Lease") dated as of AUGUST 12, 2004 covering the equipment listed on Schedule A hereto (the "Equipment").

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Lease, and the respective interests therein of the parties and accordingly the Parties have caused this Memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Equipment to the Lessee in accordance with the terms and conditions of the Lease, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

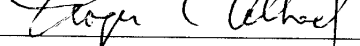
I certify that I hold the title set forth below, that this instrument was signed on behalf of the Lessor by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lessor. I further declare under penalty of perjury that the foregoing is true and correct.

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: 
Name: Richard Latini
Title: Senior Vice President

I certify that I hold the title set forth below, that this instrument was signed on behalf of the Lessee by authority vested in me under Lessee's articles of partnership and that I acknowledge that the execution of the foregoing instrument was the free act and deed of the Lessee. I further declare under penalty of perjury that the foregoing is true and correct.

MT. POSO COGENERATION COMPANY

By: 
Name: Roger C. Allred
Title: General Manager

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Schedule A

Number of Cars			Equipment Description		
82			Aluminum, 4 compartment, manual hopper gates		
1	TCMX	63660	53	TCMX	63714
2	TCMX	63661	54	TCMX	63715
3	TCMX	63662	55	TCMX	63716
4	TCMX	63663	56	TCMX	63717
5	TCMX	63664	57	TCMX	63718
6	TCMX	63665	58	TCMX	63719
7	TCMX	63666	59	TCMX	63720
8	TCMX	63667	60	TCMX	63721
9	TCMX	63668	61	TCMX	63722
10	TCMX	63669	62	TCMX	63723
11	TCMX	63670	63	TCMX	63724
12	TCMX	63671	64	TCMX	63725
13	TCMX	63672	65	TCMX	63726
14	TCMX	63673	66	TCMX	63727
15	TCMX	63674	67	TCMX	63728
16	TCMX	63675	68	TCMX	63729
17	TCMX	63676	69	TCMX	63730
18	TCMX	63677	70	TCMX	63731
19	TCMX	63678	71	TCMX	63732
20	TCMX	63679	72	TCMX	63733
21	TCMX	63680	73	TCMX	63734
22	TCMX	63681	74	TCMX	63735
23	TCMX	63682	75	TCMX	63736
24	TCMX	63683	76	TCMX	63737
25	TCMX	63684	77	TCMX	63738
26	TCMX	63685	78	TCMX	63739
27	TCMX	63686	79	TCMX	63740
28	TCMX	63687	80	TCMX	63741
29	TCMX	63688	81	TCMX	63742
30	TCMX	63689	82	TCMX	63743
31	TCMX	63690			
32	TCMX	63691			
33	TCMX	63693			
34	TCMX	63694			
35	TCMX	63695			
36	TCMX	63696			
37	TCMX	63697			
38	TCMX	63698			
39	TCMX	63699			
40	TCMX	63700			
41	TCMX	63701			
42	TCMX	63702			
43	TCMX	63704			
44	TCMX	63705			
45	TCMX	63706			
46	TCMX	63707			
47	TCMX	63708			
48	TCMX	63709			
49	TCMX	63710			
50	TCMX	63711			
51	TCMX	63712			
52	TCMX	63713			